

FISCAL UPDATE

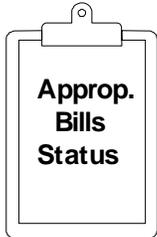
March 6, 2006

Legislative Services Agency

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STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Administration and Regulation	HF 2521	Passed House Appropriations on February 21.
Agriculture and Natural Resources	HF 2540	Passed House Ways & Means on March 1.
Economic Development	HF 2459	Passed House Appropriations on February 20.
Education	HF 2527	Passed House Appropriations on February 22.
Health and Human Services	HSB 764	Passed House Appropriations Subcommittee on March 2.
Judicial Branch	HF 2557	Passed House Appropriations on February 23.
Justice System	HF2558	Passed House Appropriations on February 23.
Transportation	SF 2232	Passed House Appropriations on March 1.
Other Appropriations Bills		
Honey Creek Destination Park Bond Program Bill	SF 2056	Final action on February 22.
FY 2006 Supplemental Appropriations Bill	SF 2273	Passed Senate Appropriations on February 22.
Senior Living Trust Fund Repayment Bill	HF 2002	Passed House on January 30.
FY 2006 Veterans Supplemental Appropriations Bill	HF 2080	Signed by the Governor on January 23.
FY 2008 School Foundation Allowable Growth Rate Bill	HF 2095	Passed Senate Education on February 8.
FFY 2007 Federal Block Grant Bill	HF 2238	Final action on February 22.
Health Care Transformation Account Bill	HF 2347	Final action on March 1.

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**HOUSE WAYS AND MEANS COMMITTEE PASSES FY 2007
AGRICULTURE AND NATURAL RESOURCES
APPROPRIATIONS BILL – HF 2540**

Ag./Natural Resources Bill



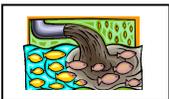
The House Ways and Means Committee passed HF 2540 (FY 2007 Agriculture and Natural Resources Appropriations Bill) on March 1. The Bill appropriates a total of \$36.9 million from the General Fund and 1,525.0 FTE positions, an increase of \$100,000 and 18.0 FTE positions compared to estimated FY 2006. This includes:

- An increase of \$50,000 to the Department of Agriculture and Land Stewardship (DALs) for the Dairy Products Control Bureau to cover increased costs of milk inspections.
- An increase of \$50,000 to the DALs for the Soil and Water Conservation District Commissioners for expenditure reimbursement.
- An increase of \$1.9 million and 11.0 FTE positions from appropriations in the Fish and Wildlife Trust Fund for the Department of Natural Resources (DNR) for the following:
 - \$1.0 million and 9.0 FTE positions for water-related activities.
 - \$120,000 and 1.0 FTE position for the Water Trails/Water Safety Recreation Program.
 - \$230,000 for the Missouri River Fisheries Project.
 - 1.0 FTE position for an administrative assistant to assist with water, snowmobile, and all-terrain vehicle programs.
 - \$375,000 for the increased cost of gasoline.
 - \$120,000 to contract with a hunting group, non-profit organization, or individual that can provide training and assistance to persons interested in sports activities that involve shooting firearms.

Dept. of Economic Dev.

The Bill transfers \$150,000 from the Unassigned Revenue Account of the Underground Storage Tank Fund to the Department of Economic Development (DED) for 1.0 FTE position to provide technical assistance and information for the installation of E85 tanks.

New Fund



The Bill creates a National Pollutant Discharge Elimination System (NPDES) Permit Fund and makes the following appropriations:

- \$400,000 and 4.0 FTE positions to the DNR to process and issue stormwater and NPDES permits.
- \$100,000 and 2.0 FTE positions to the DED for environmental advocates that will provide technical assistance for NPDES or stormwater permits.

More Information

The NOBA (Notes on Bills and Amendments) for HF 2540 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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HOUSE HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE PASSES APPROPRIATIONS BILL – HSB 764

HHS Approps. Bill



The House Health and Human Services Appropriations Subcommittee passed HSB 764 (FY 2007 Health and Human Services Appropriations Bill) on March 2. The Bill appropriates a total of \$1,194.9 million from the General Fund, an increase of \$166.9 million compared to estimated FY 2006.

The Bill also appropriates \$296.0 million from non-General Fund sources, a decrease of \$57.8 million compared to estimated FY 2006. This includes:

- \$6.0 million from the Gambling Treatment Fund to the Department of Public Health, which is no change compared to estimated FY 2006.
- \$143.4 million from the Temporary Assistance to Needy Families (TANF) Fund, an increase of \$600,000 compared to estimated FY 2006.
- \$49.8 million from the Senior Living Trust Fund, a decrease of \$60.0 million compared to estimated FY 2006.
- \$379,000 from the Pharmaceutical Settlement Account, an increase of \$294,000 compared to estimated FY 2006.
- \$90.2 million from the IowaCare Account, a decrease of \$3.0 million compared to estimated FY 2006.
- \$9.4 million from the Health Care Transformation Account, an increase of \$2.2 million compared to estimated FY 2006.

Dept. Elder Affairs

The Bill includes an increase of \$799,000 for the Department of Elder Affairs. The majority of the increase is for the Case Management Program for the Frail Elderly.

Dept. of Public Health



The Bill includes a total increase of \$538,000 for the Department of Public Health, which includes additional funds for childhood lead poisoning prevention activities (\$200,000), a new Viral Hepatitis Program (\$158,000), and an increase for the Emergency Medical Services (EMS) Program (\$180,000) to replace the loss of federal funds.

The Bill also includes various transfers of existing funds between appropriations in the Department of Public Health in order to better align programs.

DHS Increases

The Bill includes the following increases for the Department of Human Services (DHS):

- \$1.5 million net increase for the Family Investment Program (FIP) for caseload growth in the Food Assistance Program, an increase to Earned Income Tax Credit assistance, and replacement of child support recovery dollars.
- \$87.8 million net increase for the Medical Assistance (Medicaid) Program, including:
 - \$17.7 million for a 3.0% provider rate increase.
 - \$19.6 million for projected cost and enrollment increases.



- \$60.0 million to make up for a shortfall in the Senior Living Trust Fund.
- \$1.4 million to increase the monthly personal needs allowance to \$50 for residents of nursing facilities.
- \$790,000 for Medicaid coverage for enrollees in the Preparation for Adult Living Services (PALS) Program.
- \$25.0 million for a decrease in the federal match rate.
- \$22.0 million to build in the FY 2006 estimated supplemental need.
- \$947,000 for Medicare buy-in increase.
- \$8.0 million to annualize the Medicare Part D woodwork effect.
- \$1.5 million in savings related to the Family Planning Waiver.
- \$4.3 million in savings related to the Iowa Medicaid Enterprise.
- \$1.0 million in savings related to the federal Deficit Reduction Act of 2005.
- \$500,000 in savings due to available carry-forward from Medicaid Field Operations.
- Deferring \$19.1 million in projected funding needs.



- \$3.1 million increase for the State Children's Health Insurance Program for caseload growth and continuing the outreach contract with the Department of Public Health.
- \$6.0 million net increase for the Child Care Assistance Program for provider rate increases, professional development opportunities, caseload growth, and the Quality Rating System (QRS).
- \$5.5 million net increase for Child and Family Services for provider rate increases, child safety and offender rehabilitation programs, juvenile drug courts, foster care services expansion to children beyond age 18, changes in the federal match rate, and an increase for foster care maintenance rates.
- \$504,000 net increase for the Adoption Subsidy Program for caseload growth, changes in the federal match rate, and an increase for adoption subsidy maintenance rates.
- \$582,000 for the four Mental Health Institutes for fuel, utility, and staffing costs.
- \$725,000 for the Sexual Predator Commitment Program. This is equal to the amount transferred to FY 2006 from remaining FY 2005 funds in another budget unit.
- \$7.3 million for the Mental Health Allowed Growth Appropriation. This was enacted in HF 828 (FY 2006 Standings Appropriations Act).

DHS Decreases

The Bill includes the following decreases for the DHS:

- \$1.4 million net decrease for the two State Resource Centers, which includes various increases, as well as a decrease for each Center due to federal funds matched from the previous year salary expenditure increases.

Veterans



The Bill includes an increase of \$190,000 for the Veterans Affairs Commission for 2.0 FTE positions for Field Service Officers beginning in July 2006 and 0.5 FTE position for the new Iowa Veterans Cemetery, beginning in January 2007.

The Bill also includes a \$1.9 million decrease for the Iowa Veterans Home, which is a net decrease, with increases for a Behavior Unit and Community Placement Programs and a decrease due to the availability of additional funds.

More Information

The NOBA (Notes on Bills and Amendments) for HSB 764 will be available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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**HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2007
TRANSPORTATION APPROPRIATIONS BILL – SF 2232**

Transportation Approps. Bill



The House Appropriations Committee passed SF 2232 (FY 2007 Transportation Appropriations Bill) on March 1. The Bill appropriates a total of \$305.3 million from the Primary Road and Road Use Tax Funds, an increase of \$3.0 million compared to estimated FY 2006. Significant changes include:

- An increase of \$4.1 million for costs associated with increases in fuel costs, rock salt, and equipment depreciation.
- An appropriation of \$1.0 million to develop a unified, customer-based International Registration Plan (IRP) and International Fuel Tax (IFT) Administration System.
- An appropriation of \$2.3 million for costs associated with replacing equipment.
- An increase of \$796,000 for county treasurer support for issuing vehicle titles, registrations, and drivers' licenses.
- An appropriation of \$2.5 million for construction of a new maintenance garage in Fairfield.

New Building

The increases in the Bill were offset by a one-time appropriation of \$9.4 million in FY 2006 for the construction of a new Motor Vehicle Division Building.

More Information

The NOBA (Notes on Bills and Amendments) for SF 2232 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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SENATE PASSES FY 2006 SUPPLEMENTAL BILL – SF 2273

Supplemental Appropriations

The Senate passed SF 2273 (FY 2006 Supplemental Appropriations Bill) on March 1. The Bill appropriates \$8.9 million and 29.0 FTE positions from the General Fund for FY 2006 and \$2.0 million from the Rebuild Iowa Infrastructure Fund (RIIF).

Gilchrist Hall

The Bill appropriates \$2.0 million from the RIIF to the Board of Regents for repair from fire at Gilchrist Hall at the University of Northern Iowa.

Clarinda MHI

The Bill appropriates \$250,000 from the General Fund for staffing and prescription drug costs at the Mental Health Institute (MHI) at Clarinda.

Dept. of Corrections



The Bill appropriates \$3.3 million from the General Fund for the following:

- \$1.2 million for natural gas costs at correctional facilities.
- \$1.3 million for security tower staffing at the Fort Madison Correctional Facility.
- \$125,000 for county confinement expenses.
- \$625,000 for administrative costs for the Department of Corrections.

State Public Defender

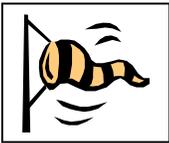
The Bill appropriates \$4.0 million from the General Fund for indigent defense claims.

Dept. of Public Safety

The Bill appropriates \$1.4 million from the General Fund for the following:

- \$400,000 for Department of Administrative Services billings.
- \$1.0 million and 29.0 FTE positions for additional gaming enforcement officers.

Statutory Changes



The Bill permits the Executive Council to expend funds for repairs to State property on an emergency basis. This authority is repealed effective June 30, 2008.

The Bill also extends the deadline for project completion for an entity that has been awarded a tax credit for a wind energy conversion facility.

More Information

The NOBA (Notes on Bills and Amendments) for SF 2273 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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FINAL ACTION ON HF 2347 – HEALTH CARE TRANSFORMATION ACCOUNT BILL

Health Care Trans. Account



The House and the Senate passed HF 2347 (Health Care Transformation Account Bill) on March 1. This Bill makes corrections to HF 841 (IowaCare and Medicaid Reform Act), which was enacted during the 2005 Legislative Session. House File 841 authorized the IowaCare Program and provided for a series of healthcare reforms.

The changes in HF 2347 were necessary to bring the State into compliance with the Centers for Medicare and Medicaid Services' (CMS) requirements regarding HF 841 and to draw down the funds for the Health Care Transformation Account (HCTA). The funds in this Account are to be used to fund the health care reforms specified in HF 841.

Provisions

House File 2347 clarifies the revenue source of the HCTA as follows:

- Specifies that a one-time payment adjustment of \$25.3 million is to be made to the University of Iowa Hospitals and Clinics to offset Medicaid reimbursements.



- Specifies that a one-time payment adjustment of \$34.4 million is to be made to the Carver College of Medicine at the University of Iowa to supplement physician services to Medicaid patients for FY 2004 and FY 2005.
- Requires the University of Iowa to transfer \$54.6 million to the General Fund upon receipt of the medical payment adjustments. This payment is equal to the FY 2004 and FY 2005 General Fund appropriations to the University for the Indigent Patient Program (State Papers).
- Appropriates \$2.0 million to the Department of Human Services from the HCTA intended to draw down a federal Medicaid match and cover additional expenses incurred by the University of Iowa for the IowaCare Program.

Effective Dates

The Bill takes effect upon enactment and contains retroactive applicability for some portions.

More Information

The NOBA (Notes on Bills and Amendments) for HF 2347 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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HOUSE PASSES PERSONAL NEEDS ALLOWANCE BILL – HF 2319

Personal Needs Allowance

The House passed HF 2319 (Personal Needs Allowance Bill) on March 1. The Bill increases the personal needs allowance for Medicaid beneficiaries in nursing facilities from \$30 to \$50 per month, effective July 1, 2006.

Fiscal Impact

The total cost, including both State and federal funds, is an estimated \$3.3 million in FY 2007. The State portion of the Federal Medical Assistance Percentage rate is 37.61% for FY 2007, resulting in a State cost of \$1.3 million.

More Information

The fiscal note for HF 2319 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes>.

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REGIONAL FIRE SERVICE TRAINING CENTERS

Report Received

The Fire Service Training Bureau has issued a report to the General Assembly addressing the need for increased fire service training in Iowa. The current Fire Service Training Bureau is located at Iowa State University. This lease expires on June 30, 2010.

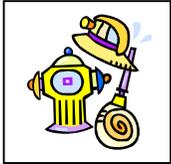
Proposed Solution

The proposed training solution outlined in the report maintains a State Fire Service Training Facility, in addition to regional training centers and mobile training units. There are currently 11 existing fire training facilities in Iowa, including the State Fire Service Training Center at Iowa State University. The proposed training facilities include:



- Ames Fire Department
- Council Bluffs Fire Department
- Davenport Fire Department

- Des Moines Fire Department
- Fort Dodge Fire Department
- Hawkeye Community College (Waterloo)
- Indian Hills Community College (Ottumwa)
- Iowa Lakes Community College (Emmetsburg)
- Lee County
- Northwest Iowa Technical College (Sheldon)
- Mason City Fire Department
- Sioux City Fire Department
- Southwestern Community College (Creston)



More Information

A copy of the report is available on the LSA web site at:
http://www.legis.state.ia.us/lsadocs/SC_MaterialsDist/2006/SDJDA006.PDF.
Additional information is available from the LSA upon request.

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This document can be found on the LSA web site:
<http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>